

**MINUTES OF THE  
BOARD OF BUSINESS AND ECONOMIC DEVELOPMENT  
May 20, 2005 Meeting**

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<b>Members Present:</b>	Mark Howell, Mel Lavitt, Jack Brittain, Cliff White, Jerry Oldroyd, Amy Lewis, Richard Nelson
<b>By phone—</b>	Bill Boyle, David Simmons, Deb Tanzi
<b>Members Absent:</b>	DelLoy Hansen, Joel Bradford, Gerald Sherratt, Malonai Hola, Mary Draper
<b>Visitors:</b>	Brice Wallace, Jeff Edwards, Stephanie Frohman, Mayor Douglas Thompson, Scott Dansie
<b>Staff:</b>	Tamee Roberts, Connie Gates, Martin Frey, Annette Babisz, Kelly Day, Tom Harper, Thamina Sbai, Jerrold Jensen, Ed Meyer, Fred Lange, Mike Keene, Nicole Toomey Davis, Layne Palmer, Courtney Sutter, Wes Curtis, Aaron Syrett, Marshall Moore, Chuck Spence, Leigh von der Esch

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**Welcome**

Chairman David Simmons welcomed the GOED Board, staff, and guests by conference call and asked each new member to introduce him or herself. He asked Mark Howell to chair the meeting, who continued with introductions of existing members, followed by a motion to approve March minutes.

**MOTION: Jerry Oldroyd motioned to approve March 10, 2005 minutes and Cliff White seconded the motion. Motion carried with one minor attendance correction.**

David Simmons talked about the board's responsibilities placing emphasis on it's advisory nature in helping the Governor's new Director of Economic Development, Chris Roybal and the Director of the Department, Martin Frey, to proactively carry out the State's economic development activities. He explained that the Board retains one area of policy making at the present that has to do with incentive programs that the state offers; in particular, the Industrial Assistance Fund. Mr. Simmons continued with an historical overview of the IAF, Centers of Excellence, Aviation Tax Increment Fund, and Economic Development Zones. He further advised the board of meeting responsibilities and explained that the board would meet in person every other month and hold a conference call on the months in between in order to make more efficient use of everyone's time. This should also address the problem of having a quorum of eight members present. Jerry Oldroyd made a suggestion to meet off-site to have discussions about what the board does and what the programs are.

**Department Report (Attached Power Point)**

Martin Frey presented a power point outlining the issues in economic development at a very high level in the State and talked about our approach and strategy. He pointed out one of the challenges is a decline in high paying technology jobs our focus on turning that inflection point. The other economic concern is that the average Utah income continues to decline against the national average. Mr. Frey pointed out that Utah is at about 82-85% of the national average due to more part time workers in the workforce, and also a younger demographic than average. It is a concern and we need to ensure that we at least hold this flat. The other challenge as we look out ten years from now, is the hourglass problem in our workforce demographics. There is a whole group of new students coming into the education system adding additional costs to the overall system. At the same time, there are a half million people who are retiring and becoming a burden on the system. As a result, tax base is reduced, particularly with our net export of talent and people in the system. It is crucial that the average income per job continues to climb significantly so that we don't cause ourselves a crunch ten years from now. The Governor's economic initiatives were itemized and discussed. (See Attached Power Point)

**Committee Reports**

*Incentives Committee*

Mark Howell explained the first motion coming from the Incentives Committee to the board members and asked for a motion to approve as follows:

**MOTION: The Incentives Committee of the Board of Business and Economic Development has reviewed Kuhni's Son's Inc. claims for earned credits and motions to close the IAF contract for Kuhni's Rendering plant. Richard Nelson motioned to approve; Bill Boyle seconded the motion; motion carried.**

A discussion followed regarding negotiations with different companies and the importance of not disclosing to others how much is given to each company. An effective process is being established where the sub committee can allocate the amount of dollars to each project and gives enough information to the board so they can be asked to ratifying the project. However, the amount is something that will be kept within the sub committee. This is useful in order to avoid competitive issues about what is given to individual projects.

Chairman Howell asked for a motion to approve a targeted IAF incentive for Sports Capital Partners; a rebate of new incremental state tax revenues on a post-performance basis over 10 years according the following schedule of percentage rebate allowable for each of the 10 years:

Year	1	2	3	4	5	6	7	8	9	10
Rebate Percentage	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

Rebate percentages in latter years are subject to reduction to ensure that the cumulative rebate does not exceed a cap of \$2,000,000. The disbursement is predicated on CSTV achieving 80% of their projected FTE count. The company must commit to keep operations in Utah for a minimum of ten years.

**MOTION: Jack Brittain moved to approve the motion as presented above; Mel Lavitt seconded the motion; motion carried.**

Chairman Howell asked for a motion to approve for Extra Space Storage a rebate of new incremental state revenues on a post-performance basis over 10 years according the following schedule of percentage rebate allowable for each of the 10 years:

Year	1	2	3	4	5	6	7	8	9	10
Rebate Percentage	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%

Rebate percentages in latter years are subject to reduction to ensure that the cumulative rebate does not exceed 30% of new state revenues over the life of the project. The disbursement is predicated on Extra Space Storage achieving 80% of their projected FTE count above the base line. This incentive is capped at \$1 million. The company must commit to keep operations in Utah for a minimum of ten years.

**MOTION: Mel Lavitt moved to approve the motion as presented; Jerry Oldroyd seconded the motion; motion carried.**

Chairman Howell asked for a motion to approve a Resolution of the Utah State Department of Business and Economic Development Board approving the creation of an Aerospace and Aviation Development Zone pursuant to 9-2-2003 UCA of the Utah Code at and around the Carbon County Airport.

**MOTION: Jerry Oldroyd moved to approve the motion as presented; Jack Brittain seconded the motion; motion carried.**

Chairman Howell asked for a motion to approve for Comcast an Economic Development incentive for \$250,000 predicated upon matching funds provided by the Cache County and Logan City County and municipal entities and the identification of a project manager from one of the local entities.

**MOTION: Richard Nelson moved to approve the motion as presented; Jack Brittain seconded the motion; motion carried. Jerry Oldroyd abstained from the vote and disclosed that he represents Comcast in other matters.**

Chairman Howell asked for a motion to approve for Walt Disney High School Musical a film production incentive rebate of dollars left in the state per the schedule already adopted by the Board, not to exceed 10%. This incentive is capped at \$350,000

**MOTION: Mel Lavitt moved to approve the motion as presented; Amy Lewis seconded the motion; motion carried.**

Chairman Howell asked for a motion to approve for Ambush Entertainment: Unearthed a film production incentive rebate of dollars left in the state per the schedule already adopted by the Board, not to exceed 12% if production is shot in rural Utah. Total dollar amount for the rebate not to exceed \$300,000.00

**MOTION: Mel Lavitt moved to approve the motion as presented; Jack Brittain seconded the motion; motion carried.**

### **Department Report**

Martin Frey continued the meeting with the remainder of the power point presentation concerning department strategy for dealing with each initiative. In order to help everyone understand the approach, during an upcoming retreat Program Managers will provide a more in depth review of each program. He further explained a new program which we called ETP in the past, will now be called Business Link. It is about ensuring that Utah companies know about which services and products each other sells, enabling that as a database.

Mr. Frey gave an update on the economic profile and said we've had some great growth; we're running right now about 3.2% growth year over year which equates to about 39,000 jobs. As we look at the rest of the year, we see it probably being about 3.2%. One of the challenges is it is being driven primarily by construction. The professional services/business services and then education and health are big employers obviously driven by the growth and the population as well. The unemployment rate is continuing to fall and the average wage is holding pretty flat.

Mr. Frey asked the board for recommendations for candidates who might be considered to fill current vacancies such as Director of Incentives and recruiting process. Dave Simmons asked what the staff size currently is and how many people have been added since Martin arrived, and has there been any business that has fallen away due to vacancies. Martin reported we have added 6 people and need to add approximately another 13 to complete the ranks. Jeff Edwards from EDCUtah and working informally with DBED reported that no business has fallen off the table and they feel that all business as it relates to DBED has been covered.

Cliff White asked for a list to be furnished to the board members that will report on successes we are having with companies. Martin reported on the successful retention of Hill Air Force Base. We also issued an incentive to the Utah Defense Alliance to further strengthen the partnership and add another 688 jobs in the specific area, and we will capture additional business from Canada and other bases that were consolidated.

Cliff White motioned to approve a letter from the board be prepared and given to the outgoing board members expressing appreciation for a job well done, along with a news release. Dave Simmons agreed with the motion and asked Mark Howell to entertain the motion.

**MOTION: Cliff White moved to approve the motion as stated above; David Simmons seconded the motion; motion carried.**

### **Chairman Report**

Chairman Simmons presented a proposed change to form new committees to the board (information contained in power point presentation). The proposal is to form committees that will go along with the organizational structure that Martin is using for the department. There would be three committees titled Centers of Excellence, Business Recruitment and Incentives, and Business Growth, and one ad hoc committee titled Legislative Issues. (Handouts were provided) Part of the proposal is to have five members per committee and to encourage these meetings to meet monthly. We would like to foster a fair amount of pro activity with each committee. Members were asked to forward their first and second choice of which primary committee they would like to serve on to Chairman Simmons or Martin Frey. Additionally, members who would like to be part of the Legislative Issues Committee should express their interest.

### **Other Business**

The meeting schedule was discussed and it was decided that meetings would be held at 10:00 a.m. on the third Friday of each month, with every other month being a teleconference call. The next meeting, June 17, 2005 will be a conference call.

June 17, 2005 Agenda:

Approval of May, 2005 minutes

Committee Reports

Division Report

With no further business, Chairman Howell adjourned the meeting.